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OGC HAS REVIEWED.

18 July 1956

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MEMORANDUM FOR: Mr.

SUBJECT : Emergency Legislation

1. Outlined below are a group of laws and regulations presently in force, which in the event of a national emergency could affect the operations of the Agency.

2. Reserve Forces

Emergency Action. Agency personnel who are members of an armed force reserve may be recalled to active duty with the outbreak of hostilities or upon the declaration by either the President or Congress, of a national emergency.

Applicable Laws. 50 USCA, Chapter 25 (Supp. 1955)

a. Sections 961 through 967 discuss the call to duty and release from duty of reserve forces. Specifically, 961(b) (1) states that the Ready Reserve, both units and individuals not assigned to a unit, may be called to active duty during a national emergency proclaimed by the President.

b. Section 926 refers to the Standby Reserve and states that its members are liable for active duty only in time of war or a national emergency as declared by Congress.

c. Section 927(c) refers to the Retired Reserve and states that its members may be ordered to active duty only in time of war or national emergency as declared by Congress.

Within the Agency there is a reserve program composed of a unit for each of the services. Each of these units is designated as part of the Ready Reserve.

In addition to these units there are probably numerable individuals with some reserve status. Most likely they would be members of the Standby or Retired Reserves.

Possible Effects. In the event of a national emergency the Ready Reserve units within the Agency could be called to active duty. According to the sergeant in charge of the Agency's reserve program, there exists a high level agreement whereby these Ready Reserve units upon recall to active duty

would be immediately assigned to the Agency. Thus there seems to be no problem for members of these units.

However, in regard to those reserve personnel not members of these units, it is not clear what their assignments would be when recalled back to duty. This would be especially true for those personnel whose service specialty classification does not identify them as intelligence officers.

3. Blocking of Funds

Emergency Action. In the event of war or a national emergency as declared by the President, the Treasury Department would probably utilize its blocking powers in relation to financial transactions with designated foreign countries and nationals. The effect would be similar to that of the present blocking action against China and North Korea.

Laws. 31 C.F.R., Chapter 5 (Supp. 1955), entitled "Foreign Assets Control Regulations", contains the general regulations used by the Treasury Department in their blocking actions. The authority for these regulations is Title 50, App., U.S.C.A., Section 5(b).

Subpart (B) of the Foreign Assets Control Regulations and most particularly Sections 500.201 and 500.202 state the prohibitions on various financial transactions.

a. Section 500.201(a) prohibits the following transactions if they involve designated foreign countries or nationals:

- (i) Transfers of credit and payment to or through any bank with respect to property subject to the jurisdiction of the United States.
- (ii) Similar transfers made by any person (including banks) subject to United States' jurisdiction.
- (iii) All foreign exchange transactions by any person within the United States
- (iv) The exportation from the United States of currency or bullion.

b. 500.201(b) prohibits all transactions in any property or debts involving designated foreign countries or nationals by a person subject to the jurisdiction of

the United States. It also prohibits the transfer out of the U. S. any property subject to the jurisdiction of the United States.

c. 500.202 prohibits any transactions with respect to securities registered in the name of a designated national.

Subpart (F) of these regulations, including sections 500.601 through 500.604, require various records and reports to be furnished upon request.

a. Section 500.601 requires persons engaging in the transactions outlined above to keep full record of each transaction.

b. Section 500.602 requires that these persons submit to the Treasury at its request all papers and records relevant to such transactions. Reports with respect to these transactions may be required either before or after such transactions are completed.

Possible Effects. Any cover corporations which have in the course of their business financial transactions with United States banks or nationals, or have credit balances within the United States, may find their accounts or business transactions blocked by Treasury action. If their operation depends upon such financial transactions these corporations would be in difficulty if blocking were undertaken. The requirements for reports or records might prove especially embarrassing.

4. Travel Control

Emergency Action. The President in a national emergency may by proclamation, make more strict the regulations and prohibitions pertaining to travel by both United States citizens and aliens.

Applicable Laws. 8 U.S.C.A., Section 1185 provides emergency prohibitions on travel which can be put into effect by presidential proclamation.

These prohibitions will make it unlawful for any alien to depart or enter the United States except under such rules as the President may prescribe. Section 1185(A)(2) will make it unlawful for any person to transport from or into the United States another person knowing that this is forbidden by this Section. Subsequent parts of this Section set out other prohibitions and also define a penalty which is more severe than under the usual law.

Possible Effect. It is suggested that these additional prohibitions might impinge on the Agency's transfer of both aliens and citizens in and out of the country.

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